

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., <i>et al.</i>, Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING FEE APPLICATION OF
BEVERIDGE & DIAMOND, P.C., FOR THE FORTY-SIXTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Fee Application of Beveridge & Diamond, P.C., for the Forty-Sixth Interim Period (the "Application").

BACKGROUND

1. Beveridge & Diamond, P.C. ("Beveridge & Diamond"), was retained as special counsel to the Debtors. In the Application, Beveridge & Diamond seeks approval of fees totaling \$330,878.00 and expenses totaling \$1,018.19 for its services from July 1, 2012, through September 30, 2012 (the "Application Period").

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2013, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "U.S. Trustee Guidelines"), as well as for consistency with

precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served an initial report on Beveridge & Diamond based upon our review, and we received a response from Beveridge & Diamond, portions of which response are quoted herein.

DISCUSSION

3. We noted that multiple Beveridge & Diamond professionals billed a total of 87.80 hours for \$28,814.86 in fees on research and preparation of a legal analysis. See Exhibit A. We asked Beveridge & Diamond to explain the subject matter of this research and how it was utilized for the benefit of the debtor's estate. We received the following response from Lydia B. Duff, an Assistant General Counsel with W.R. Grace:

... [T]he work performed by Beveridge & Diamond in 2012 on the Horton, Wilmington NC, matter related to analysis of certain claims by the USEPA in the context of the bankruptcy proceeding, and to the settlement agreement entered into by Grace and the US in 2006.

Further substance of this work would be considered privileged and confidential.

We appreciate this explanation and have no objection to these fees.

4. We noted that paralegal E. Wolk (\$179.40) spent 6.5 hours for total fees of \$1,166.10 on an activity described only as "Monitoring." See Exhibit B. We asked Beveridge & Diamond to explain the nature of this work and how it benefited the debtor's estate. Beveridge & Diamond responded:

Ms. Wolk was monitoring a specific set of EPA regulatory developments for the client in a matter in which W.R. Grace has an interest as part of the impacted regulated community.

We accept Beveridge & Diamond's response and have no objection to these fees.

5. We noted that attorney P. Marks (\$469.20) and associate L. Selba (\$257.60) spent

50.00 hours for total fees of \$15,948.20 on preparation of a petition. See Exhibit C. We asked Beveridge & Diamond for additional information concerning this work, and Beveridge & Diamond responded:

The petition was to obtain regulatory relief from the State of Maryland under complex hazardous waste regulations. The time spent was required due to the multiple legal issues presented and technical complexity.

We accept Beveridge & Diamond's response and have no objection to these fees.

6. We noted the following travel expenses for which more information was needed:

E110 Out-of-town Travel \$115.12

E110 Out-of-town Travel \$23.00

We asked Beveridge & Diamond for an itemization of these expenses, and Beveridge & Diamond responded:

6/18/12 for attorney K. Bourdeau, mileage to and from a meeting with W.R. Grace in Baltimore (\$46.62) and parking (\$13.00) which totaled \$59.62.

6/22/12 for attorney K. Bourdeau, mileage to and from a meeting at W.R. Grace in Columbia, MD totaled \$27.75.

7/11/12 for attorney K. Bourdeau for mileage to and from a meeting at W.R. Grace in Columbia, MD totaled \$27.75.

The \$23.00 was incurred as follows:

7/20/12 for attorney P. Marks; \$14.00 for an Amtrak ticket for travel to Washington, DC for a meeting with the B&D team and client.

7/20/12 for attorney P. Marks; \$9.00 for parking at the train station to attend a meeting in Washington, DC with the B&D team and client.

We appreciate this information and have no objection to these expenses.

CONCLUSION

7. Thus, we recommend approval of \$330,878.00 in fees and \$1,018.19 in expenses for

Beveridge & Diamond's services for the Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: _____



Warren H. Smith

Texas State Bar No. 18757050

2235 Ridge Road, Suite 105

Rockwall, Texas 75087

214-698-3868

214-722-0081 (fax)

whsmith@whsmithlaw.com

FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 6th day of March, 2013.



Warren H. Smith

SERVICE LIST

Notice Parties

Applicant

Pamela D. Marks
BEVERIDGE & DIAMOND, P.C.
201 N. Charles Street, Suite 2210
Baltimore, MD 21201

The Debtors

Richard Finke
Assistant General Counsel
W.R. Grace & Co.
7500 Grace Drive
Columbia, MD 21044

Counsel for the Debtors

John Donley
Adam Paul
Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, IL 60601

Laura Davis Jones, Esq.
James E. O'Neill
Pachulski Stang Ziehl & Jones LLP
919 North Market Street, 17th Floor
P.O. Box 8705
Wilmington, DE 19899-8705

Counsel to Unsecured Creditors Committee

Lewis Kruger, Esq
Stroock & Stroock & Lavan
180 Maiden Lane
New York, NY 10038-4982

Michael R. Lastowski, Esq.
Duane Morris LLP
1100 N. Market Street, Suite 1200
Wilmington, De 19801-1246

United States Trustee

Richard Schepacarter
Office of the United States Trustee
844 King Street, Lockbox 35, Room 2207
Wilmington, DE 19801

Counsel to the Official Committee of Property

Damage Claimants

Scott L. Baena, Esq
Bilzin, Sumberg, Dunn, Baena, Price & Axelrod
First Union Financial Center
200 South Biscayne Boulevard, Suite 2500
Miami, FL 33131

Michael B. Joseph, Esq.
Ferry & Joseph, P.A.
824 Market Street, Suite 904
Wilmington, DE 19801

Counsel to the Official Committee of Personal

Injury Claimants

Elihu Inselbuch, Esq.
Caplin & Drysdale
600 Lexington Avenue, 21st Floor
New York, NY 10022-6000

Mark T. Hurford
Kathleen Campbell Davis
Campbell & Levine, LLC
222 Delaware Avenue, Suite 1620
Wilmington, DE 19801

Official Committee of Equity Holders

Philip Bentley
David E. Blabey, Jr.
Kramer Levin Naftalis & Frankel
1177 Avenue of the Americas
New York, NY 10036

Teresa K.D. Currier, Esq.
SAUL EWING LLP
222 Delaware Avenue
P.O. Box 1266
Wilmington, DE 19899

W.

EXHIBIT A

07/09/12	S. Albert	L120	1.50	Perform legal research.
07/09/12	T. Kolkin	L120	2.30	Prepare memorandum.
07/12/12	S. Albert	L120	2.60	Conduct research and begin outline re same.
07/12/12	T. Elsen	L120	0.70	Research and conference with S. Albert re same.
07/13/12	T. Elsen	L120	2.30	Research.
07/15/12	R. Brager	L120	1.00	Analysis and e-mail to P. Marks and S. Albert re same.
07/16/12	S. Albert	L120	7.00	Research and outline legal issues and review and comparison of documents.
07/18/12	P. Marks	L120	1.50	Evaluate legal issues.
07/18/12	S. Albert	L120	9.10	Research and draft legal analysis.
07/19/12	S. Albert	L120	7.40	Draft and prepare legal analysis.
07/19/12	T. Elsen	L120	5.30	Research.
07/20/12	T. Elsen	L120	0.30	Research.
07/23/12	S. Albert	L120	3.10	Preparation of legal analysis.
07/23/12	D. Paul	L120	1.40	Conference with S. Albert and conduct research per S. Albert instructions.
07/24/12	S. Albert	L120	3.00	Preparation of legal analysis.
07/24/12	D. Paul	L120	1.60	Conduct additional research per S. Albert instructions.
07/25/12	S. Albert	L120	6.60	Preparation of legal analysis.
07/25/12	S. Albert	L120	1.40	Review D. Paul research.
07/26/12	P. Marks	L120	3.40	Factual research and strategy development re same.

07/26/12	S. Albert	L120	1.10	Draft correspondence and conference re same.
07/26/12	S. Albert	L120	6.90	Preparation of legal analysis.
07/26/12	D. Paul	L120	1.70	Research tasks per S. Albert instructions.
07/29/12	S. Albert	L120	2.00	Edit legal analysis and send to P. Marks and R. Brager for review.
07/30/12	R. Brager	L120	1.50	Review and edit analysis; telephone conference with S. Albert re same.
07/30/12	S. Albert	L120	1.50	Conference with R. Brager re legal analysis and revision with his edits.
07/31/12	P. Marks	L120	1.10	Prepare memorandum to client re research.
07/31/12	S. Albert	L120	0.60	Revise legal analysis and additional research for R. Brager.
07/12/12	E. Wolk	C300	0.30	Research per P. Marks.
07/24/12	K. Bourdeau	C300	1.50	Review comments and multiple e-mail exchanges re same.
07/25/12	E. Wolk	C300	0.30	Research.
07/26/12	J. Lanham	C300	5.00	Research.
07/19/12	T. Elsen	C300	0.80	Research per P. Marks.
07/25/12	T. Elsen	C300	2.00	Research per P. Marks.

EXHIBIT B

07/03/12	E. Wolk	C300	0.30	Monitoring.
07/09/12	E. Wolk	C300	0.30	Monitoring.
07/11/12	E. Wolk	C300	0.30	Monitoring.
07/13/12	E. Wolk	C300	0.30	Monitoring.
07/20/12	E. Wolk	C300	0.30	Monitoring.
07/23/12	E. Wolk	C300	0.30	Monitoring.
07/24/12	E. Wolk	C300	0.30	Monitoring.
07/27/12	E. Wolk	C300	0.30	Monitoring.
08/01/12	E. Wolk	C300	0.30	Monitoring.
08/03/12	E. Wolk	C300	0.30	Monitoring.
08/10/12	E. Wolk	C300	0.30	Monitoring.
08/17/12	E. Wolk	C300	0.30	Monitoring.
08/24/12	E. Wolk	C300	0.30	Monitoring.
08/27/12	E. Wolk	C300	0.30	Monitoring.
08/29/12	E. Wolk	C300	0.30	Monitoring.
08/31/12	E. Wolk	C300	0.30	Monitoring.
09/04/12	E. Wolk	C300	0.30	Monitoring.
09/07/12	E. Wolk	C300	0.30	Monitoring.
09/14/12	E. Wolk	C300	0.30	Monitoring.
09/19/12	E. Wolk	C300	0.30	Monitoring.
09/21/12	E. Wolk	C300	0.50	Monitoring.

EXHIBIT C

07/09/12	L. Selba	C300	1.00	Compile attachments for petition.
07/10/12	L. Selba	C300	1.00	Prepare petition.
07/11/12	L. Selba	C300	3.00	Prepare petition and conduct related research.
07/16/12	P. Marks	C300	2.20	Evaluate draft petition, and related documents and data.
07/16/12	L. Selba	C300	2.00	Prepare petition.
07/17/12	P. Marks	C300	3.10	Detailed review of new information and telephone conference with client re same and draft petition.
07/17/12	L. Selba	C300	9.50	Prepare petition and telephone conference with client re same.
07/18/12	L. Selba	C300	1.00	Prepare petition.
07/23/12	P. Marks	C300	0.40	Conference with L. Selba re other state reviews of petitions and comparison approach to same.
07/23/12	L. Selba	C300	0.40	Conference with P. Marks re petition.
07/23/12	L. Selba	C300	4.60	Prepare petition.
07/26/12	P. Marks	C300	1.10	Prepare for and conduct telephone conference with client team re petition preparation.
07/26/12	P. Marks	C300	2.70	Prepare petition and data summary.
07/26/12	P. Marks	C300	0.40	Direct L. Selba and staff re petition tasks.
07/26/12	L. Selba	C300	1.90	Update data sheet re petition.
07/26/12	L. Selba	C300	1.10	Prepare for and conduct telephone conference with client re petition.
07/27/12	P. Marks	C300	1.90	Prepare petition and circulate to team with comments.
07/30/12	P. Marks	C300	1.20	Prepare petition, including multiple emails with client for follow-up information.
07/30/12.	L. Selba	C300	6.00	Prepare petition.

07/31/12	P. Marks	C300	0.60	Exchange client emails re petition and factual corrections.
07/31/12	P. Marks	C300	0.90	Conference with L. Selba to review petition structure and exhibits.
07/31/12	L. Selba	C300	3.10	Prepare petition.
07/31/12	L. Selba	C300	0.90	Conference with P. Marks re petition.